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Message Text

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14
ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-15

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 /106 W
---------- 019983
R 052108Z MAR 76
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 9042
INFO AMCONSUL WINNIPEG VIA POUCH

UNCLAS OTTAWA 926

E.O. 11652: N/A
TAGS: ENRG, CA, US
SUBJ: NEB APPROVES MANITOBA ELECTRICITY EXPORTS

1. NATIONAL ENERGY BOARD (NEB) ANNOUNCED MARCH 4 THAT IT HAS ISSUED FOUR NEW LICENCES TO MANITOBA HYDRO TO EXPORT SHORT-TERM POWER AND INTERRUPTIBLE ENERGY TO MINNESOTA FOR SIX-YEAR PERIOD BEGINNING NOVEMBER 1, 1976. (MANITOBA HAD APPLIED FOR SIX 10-YEAR LICENCES.)

2. MANITOBA HYDRO'S APPLICATION FOR EXPORT LICENCES WAS IN FIVE PARTS AND WAS DISPOSED OF BY THE NEB AS FOLLOWS:

(1) NEB DENIED REQUEST FOR A LICENCE, UNDER PART I, TO EXPORT A MAXIMUM OF 100 MEGAWATTS OF FIRM POWER AND A MAXIMUM OF 1,752 GIGAWATTHOURS OF FIRM ENERGY TO MINNESOTA POWER & LIGHT COMPANY FROM NOVEMBER 1, 1976 TO OCTOBER 31, 1978. LICENCE WAS DENIED ON GROUNDS THAT MANITOBA HYDRO FAILED TO DEMONSTRATE THAT THE POWER WOULD BE SURPLUS TO CANADIAN REQUIREMENTS.

(2) UNDER PART II, MANITOBA HYDRO PROPOSED TO COMMIT A TOTAL OF 2,000 GIGAWATTHOURS OF ENERGY, AT
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A RATE OF 200 GIGAWATTHOURS PER YEAR, FOR EXPORT TO

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MINNESOTA POWER & LIGHT COMPANY DURING A 10-YEAR PERIOD, AT A PRICE OF 3 MILLS PER KILOWATTHOUR, SUBJECT TO CERTAIN EXCALATION. THIS RELATIVE LOW PRICE, WHICH COULD BE COMPARED WITH EXPORTING OIL AT $1.80/BBL OR NATURAL GAS AT $.30/MCF ON A FUEL INPUT EQUIVALENT BASIS, WAS PROPOSED BY MANITONA HYDRO TO INCLUDE A TYPE OF SUBSIDY TOWARDS THE CONSTRUCTION OF A PART OF AN INTERNATIONAL POWER LINE IN THE UNITED STATES (PARA 3). NEB REJECTED THIS PROPOSAL ON GROUNDS THAT THE PRICE WAS DISPROPORTIONATELY LOW.

(3) NEB GRANTED A LICENCE, UNDER PART III, FOR THE EXPORT OF INTERRUPTIBLE SURPLUS ENERGY FOR A SIX-YEAR PERIOD. UNDER TERMS OF THE LICENCE, MANITOBA HYDRO MUST OFFER THE ENERGY FIRST TO INTERCONNECTED CANADIAN UTILITIES BEFORE EXPORTING IT, AND MUST INTERRUPT OR CURTAIL IT WHENEVER THE ENERGY IS REQUIRED IN CANADA.

(4) UNDER PART IV, A SECOND LICENSE WAS ISSUED ALLOWING THE EXPORT OF BLOCKS OF SHORT-TERM FIRM POWER, NOT TO EXCEED AN ANNUAL MAXIMUM OF 1,200 GIGAWATTHOURS. EACH TRANSACTION WILL BE SUBJECT TO NEB APPROVAL AND WILL BE LIMITED TO A MAXIMUM DURATION OF SIX MONTHS.

(5) TWO OTHER LICENCES WERE GRANTED, UNDER PART V, ONE ALLOWING THE EXPORT OF ENERGY AS STORAGE TRANSFERS, THE OTHER ALLOWING THE EXPORT AS CARRIER AND ADJUSTMENT TRANSFERS AND UNSCHEDULED LOOP FLOWS. THERE WILL BE NO NET ENERGY EXPORT RESULTING FROM THESE TWO LICENCES AS AN EQUAL AMOUNT OF ENERGY WILL BE IMPORTED.

3. NEB ALSO GRANTED A CERTIFICATE AUTHORIZING CONSTRUCTION BY MANITOBA HYDRO OF A 230 KV INTERNATIONAL POWER LINE TO RUN FROM RIDGEWAY SUBSTATION (NORTHEAST OF WINNIPEG) TO INTERNATIONAL BORDER AT POINT NEAR SPRAGUE, MANITOBA. THIS LINE WILL CONNECT WITH POWER
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LINE TO BE BUILT BY MINNKOTA POWER COOPERATIVE (MINNESOTA) FROM THE BORDER TO INTERNATIONAL FALLS, AND FROM THERE BY MINNESOTA POWER & LIGHT CO. TO SHANNON, MINNESOTA.

4. FULL NEB REPORT SUBMITTED UNDER CERP PROCEDURES.
ENDERS

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